

MINUTES OF THE
CITY OF SANTA FE
PUBLIC UTILITIES COMMITTEE

Santa Fe, New Mexico

September 3, 2003

A meeting of the City of Santa Fe Public Utilities Committee was called to order on this date at 5:15 p.m., in City Hall Council Chambers. Roll Call indicated the presence of a quorum, as follows:

Members Present

Councilor Patti J. Bushee, Acting Chair
Councilor Carol Robertson Lopez
Councilor Rebecca Wurzbarger

Members Absent

Councilor Matthew Ortiz, Chair
Councilor David Coss

Members Excused

None.

Other Governing Body Members Present

Councilor David Pfeffer
Councilor Karen Heldmeyer

Others Present

Galen Buller, Water Department
Rick Carpenter, Water Department
Michael Gonzales, Water Department
Kyle Harwood, City Attorney's Office
Luana Montoya, Public Utilities Department
Jeanne Price, City Manager's Office
Costy Kassiesieh, Wastewater Division
David Schmiedicke, Water Department
Patricia Clancy, Recorder

APPROVAL OF AGENDA

Councilor Lopez moved to approve the agenda, as published. Councilor Wurzbarger seconded the motion and it passed 3-0 by voice vote.

INFORMATIONAL ITEMS

A. Update Current Water Supply Status and Outlook for 2003 (Mike Gonzales, Water Division)

Mr. Gonzales reviewed the current weekly water supply during the week ending August 31, 2003 and highlighted the following: 1) City Well Production averaged 1.81 MG; 2) Buckman Production averaged 3.00 MG with a combined well water production of 4.81 MG; 3) Surface Water Production averaged 4.86 MG; 4) Total weekly average production 9.68 MGD; 5) Weekly Demand averaged 10.58 MGD; 6) Las Campanas Demand averaged 1.00 MGD with the majority going to their golf courses; 7) Reservoir Levels are currently at 60%; 8) Reservoir Inflow has increased due to recent rain 2.51 MGD.

Mr. Gonzales reviewed and highlighted the Summary of Weekly Comparisons vs. Previous Years as follows: 1) City Well Production – remained about the same as in previous 2 years; 2) Buckman Well Production – decreased from past year; Surface Water Production – varied; 3) Total Demand on System – about same as last year; 4) Las Campanas - average reduced from 2001 but increased from 2002; 5) Reservoir Inflow – 38% higher than last year but 2% less than 2001.

Acting Chair Bushee noted that, in every water report, there is a shortfall of about one million gallons in terms of consumption vs. collection. Mr. Gonzales explained that well production is reduced in times of rain as reported on page one. He added that there are times when it is less, but there are also conditions that warrant more collection and thus the collection numbers are greater.

Councilor Lopez inquired if there was a policy in place whereby reservoir water is used in order to rest the well system. She noted that reservoir water will be lost to evaporation if not utilized.

Mr. Martinez responded that, at the beginning of the summer, the surface water production was estimated at 5 MGD. He elaborated that the demand will never be met if only surface water production is relied on and that City wells have to be employed to meet consumption.

Mr. Buller stated that the City is pumping as much as possible from the treatment plant and that any additional demand is met by the well supply. He

highlighted that decisions are based on history and intuition. He added that computer models are being considered to help predict scientifically what the best usage would dictate. In response to a question from Councilor Lopez, Mr. Buller noted that the computer model concept is in the planning stages with hopes to bring it to fruition within a year or so.

Mr. Carpenter noted that an RFP is in the drafting stage with an expectation of responses coming in at \$200,000. He stated that it would take a year to hire a consultant, apply the model, input data and customize it for the City's system.

Mr. Martinez gave a brief overview of where the City stands in the rehabilitation of the surface water plant facility. He stated that the engineering and construction firms were in place with construction targeted to commence in December with completion in April 2004. He noted that the New Mexico State Legislature provided \$1.25 million in funding. He concluded that this upgrade would enable the facility to produce 8 MGD.

A brief discussion followed concerning the amount of evaporative water lost in the reservoir. Chair Bushee asked that the evaporative number be included in the monthly water report.

B. Master Metered Residence Update

(David Heber)

Mr. Heber reviewed a pilot study conducted to address the concerns of the city and homeowners in cases where one master meter measures the water consumed by multiple residential units. He added that the primary issues are rate equity, water conservation, and potential concerns surrounding conversion to individual metering.

Mr. Heber stated that the City's utility billing database records revealed there are 3,400 residences affected by this metering situation. He noted that this does not include 3,000+ for-profit rental units or governmental housing. He summarized the results by stating that all pilot group members are in favor of creating a multi-family residential rate classification that would assign the fixed service charge in proportion to the number of residences served by the master meter. He said the classification would impose surcharges for high levels of consumption that would mimic individually metered residential surcharges. He added that pilot group members would prefer to meter the water consumption of each residence but vary widely in their willingness to pay for such a conversion.

Mr. Heber reported that, if the presently erroneous charge of \$11.50 were removed from the 3,000+ residences, the City would lose about \$37,000 per month in water revenue. He said approximately ten cents per 1,000 gallons would have to be imposed to offset this loss. He commented that the cost of

conversion could be broken into two segments: 1) City cost comprising removal of master meter and replacing it with individual meters; 2) Private cost of replumbing the pipes. He noted that these costs would be approximately \$3,000 per residence.

Mr. Heber stated that it is staff's recommendation to continue to work with the City's consultant IUG to build into it recommendations for multi-family residential rate classes to create more equitable billing practices. He suggested that the Council could consider an incentive program whereby a portion of the costs incurred by the City for conversion purposes could be rebated to customers who invest in the conversion.

Councilor Lopez thanked Mr. Heber for an excellent report and stated that it would take time to digest the information.

In response to a question from Councilor Lopez regarding sub metering, Mr. Heber commented there are a couple ways to look at sub metering and both are not problem free.

Councilor Bushee expressed concern that master meters were still being installed in projects that warrant individual metering. Mr. Schmiedicke stated that an ordinance is being drafted to address the installation of individual meters instead of allowing contractors to use master meters to cover an entire project. Mr. Buller added that the city is meeting with developers on an individual basis as project plans are submitted and encouraging them to install individual meters.

Councilor Heldmeyer stated that she agreed with Councilor Lopez regarding the metering of guesthouses. She added that in some instances it is an economic choice to install master meters and cautioned that the City should seriously consider to what extent it would participate in the conversion project.

Councilor Pfeffer commented on the \$37,000 loss in revenue to the City and underlined the inequity issue involved. He added that they are commercial because of the size of the pipe and meter and those are the determining factors for rates.

**C. Update of Appeals under Water Budget Ordinance and
Administrative
Regulations (Joe Abeyta)**

Mr. Abeyta reported that the Water Budget Administrative Office has received two appeals since September 11, 2002; of those two appeals, one has forfeited and gone ahead and done the retrofits. He added that the other is to be heard at the September 24, 2003, Council Meeting.

Councilor Wurzbarger commented that it is important to follow up on the impact of laws that are made and view the actual outcome in terms of appeals, etc. as opposed to the prophesized scenarios.

ACTION ITEMS

A. Consideration of Resolution No. 2003-____. (Councilors Coss, Bushee, Chavez)

A Resolution Declaring that Maintenance of the Rio Grande as a Flowing Living River in New Mexico is a City Goal and Directing the Mayor and Staff to Cooperate with Other Entities to Achieve This Goal. (Rick Carpenter)

Councilor Wurzbarger moved to approve this Resolution. Councilor Lopez seconded the motion and it passed 3-0 by voice vote.

B. Consideration of Sale of Water to Bureau of Reclamation for Silvery Minnow (Galen Buller and Kyle Harwood)

Mr. Harwood distributed the September 2, 2003, Memo (Submitted herewith as Exhibit "A") and read the last paragraph:

On Friday, August 29, 2003, City of Santa Fe staff met with BOR staff to review the SJCP request. In light of a changing hydrographic model showing the needed BOR flow requirements and other water releases, the BOR requested on Friday 1,500 AF with a 1,000 AF option from the City of Santa Fe. The option term extends only to December 1, 2003. The BOR is in active negotiations with other municipalities (Española and Los Alamos) who also have SJCP contracts to meet the minimum BOR flow requirements. The BOR is offering \$47/AF for this year's allocation of SJCP water to all willing SJCP water contractors. Other SJCP water contractors have sold between 0 and 100% of their 2003 SJCP delivery. A sale of 1,500 AF represents 27% of the 2003 delivery, and a sale of 2,500 AF represents 45% of the 2003 delivery.

Mr. Harwood stated that they have met with both the BOR and the County regarding the request but it remains in the Public Utilities Committees purview to decide.

Councilor Lopez noted that the Committee has already agreed to the sale in concept.

Mr. Harwood remarked that the City of Santa Fe staff was directed by the City Council to negotiate the most favorable terms of one-time SJCP water to the BOR. He added the quantity and price terms are to be negotiated by City staff.

Mr. Harwood reviewed a SJCP Supplemental Water Leasing Program chart (Submitted herewith as Exhibit "B"). He noted that the BOR has stated they will release the amount of water they are holding in escrow if they are able to acquire

enough water from willing sellers. He highlighted on the chart that the sum of SJC water of County of Los Alamos, the City of Espanola and the MRGCD donation, plus the City of Santa Fe 1,500 AF, would provide BOR with the 6,500 AF they are seeking for October.

Councilor Wurzbarger commented that this is consistent with the directions expressed by the City Council.

Acting Chair Bushee argued against the additional 1,000 AF as something that will occur on an annual basis, especially in times of drought.

In response to a question from Councilor Heldmeyer, Mr. Harwood stated that the delivery amount for 2003 is 5,605 AF with a use of 385 AF in order to meet Rio Grande Compact compliance and an approximate use of between 1,500 and 2,500 AF to offset the effects of the Buckman well. Councilor Heldmeyer noted that what BOR is requesting covers any remaining water.

Answering Acting Chair Bushee's query regarding long-term water rights contract conversion, Mr. Harwood stated that the BOR has submitted a request to the Interstate Stream Commission and it is believed a favorable result will be forthcoming.

Councilor Pfeffer urged the Committee to support the motion as presented and argued against Acting Chair Bushee's comments. He added that his opinion is based on the Resolution, which the Committee approved.

Councilor Wurzbarger moved to support this sale. Councilor Lopez seconded the motion and it passed 3-0 by voice vote.

Chair Bushee commented that she hoped there would be consideration of dropping the conditional 1,000 AF.

ITEMS FROM STAFF

None.

ITEMS FROM COMMITTEE

Councilor Wurzbarger asked the Committee to reconsider the senior citizen housing project at the next meeting. She added that her rationale for this request is that she had asked Staff to qualify that it is indeed affordable housing project.

Responding to questioning from Acting Chair Bushee, Councilor Wurzbarger pointed out that the Committee can reconsider any action based on the presentation of new information.

Acting Chair Bushee recommended that Councilor Wurzburger consult with an attorney to determine if that is an appropriate action.

Councilor Lopez moved to reconsider this item at the next meeting. Councilor Wurzburger seconded the motion and it passed with Councilors Lopez and Wurzburger voting for, and Chair Bushee abstaining.

Councilor Wurzburger stated she would bring forward at the next meeting an idea for a new report with respect to the status of new water projects. She added that she would include it in the packet.

Councilor Wurzburger commented that she would introduce a resolution that would be jointly proposed with the County for pursuing the Estancia basin desalinization project. She underlined that it would be more productive working with the County rather than having the City and County work separately.

Councilor Wurzburger mentioned that the RPA directed a subcommittee composed of two City representatives (Councilors Heldmeyer and Wurzburger) and two County representatives (Commissioners Sullivan and Campos) to meet with Estevan Lopez. She stated that a meeting was held today producing a preliminary idea to present to the two legislative bodies. She added that models could be brought in from Tampa and Denver that would allow the opportunity to explore what a regional entity dealing with the issue of finding new water might look like. She highlighted that this could be an area of regional cooperation.

Ms. Montoya noted that some of the agenda items included for the next meeting are: 1) PUC Work Plan Update; 2) Short Term agreement with Game and Fish.

Councilor Lopez requested that the agenda include the status of the Buckman well in terms of the funds in place and dates due of any anticipated money . She asked that note be paid to any action required to release funds. She cited that the City has conditional approval from the New Mexico Finance Authority on all appropriations only if a regional approach is pursued. She stated that the status report should include the potential loss of revenue if the City does not act as directed.

ADJOURNMENT

Its business completed, the Committee adjourned at 6:35 p.m.

Approved by:

Councilor Matthew Ortiz, Chair

Submitted by:

Patricia Clancy, Recorder

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